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1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 20-12345-mg

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5 In the Matter of:

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7 THE ROMAN CATHOLIC DIOCESE OF

8 ROCKVILLE CENTRE, NEW YORK,

9

10 Debtor.

11 - - - - - x

12

13 United States Bankruptcy Court

14 One Bowling Green

15 New York, NY 10004

16

17 October 27, 2022

18 2:04 PM

19

20

21 B E F O R E :

22 HON MARTIN GLENN

23 U.S. BANKRUPTCY JUDGE

24

25 ECRO: KS

Page 2

1 HEARING re Hearing Using Zoom for Government RE: Application  
2 to Employ Jefferies LLC as Investment Banker. (Doc # 1357,  
3 1370, 1371, 1375)

4

5 HEARING re Hearing Using Zoom for Government RE: Debtors  
6 Motion for Entry of an Order Authorizing the Debtor to File  
7 Portions of the Bidding Procedures and Sale Motion Under  
8 Seal. (Doc # 1356, 1355, 1370, 1375)

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25 Transcribed by: Sonya Ledanski Hyde

Page 3

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11 JAMES MOFFITT

12 JOHN REFIOR

13 WILLIAM HAO

14 ANDREW FRISOLI

15 ROBERT WHITE

16 RICHARD MORGNER

17 ARIELLE FELDSHON

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1 P R O C E E D I N G S

2 CLERK: Good afternoon. Starting the recording  
3 for October 27, 2022 at 2 p.m., calling the Roman Catholic  
4 Diocese of Rockville Centre, New York, Case Number 20-12345.  
5 If we could start taking appearances? Who's going to be the  
6 main counsel from Jones Day this afternoon?

7 MR. ROSENBLUM: Hi, good morning. Benjamin  
8 Rosenblum from Jones Day on behalf of the Debtor. I will  
9 let -- at least be starting us off.

10 CLERK: Okay, thank you. And then, Corinne, are  
11 you speaking as well?

12 MR. ROSENBLUM: I don't anticipate Corinne is  
13 going to be speaking. I think it'll be me and Nicholas  
14 Morin from Jones Day.

15 CLERK: Thank you. And Andrew Butler, is he also  
16 going to be joining with the listen only line?

17 MR. ROSENBLUM: I don't believe he'll attend  
18 today.

19 CLERK: Oh okay, thank you. All right, Karen, if  
20 you could unmute and give your appearance for the record,  
21 please?

22 MS. DINE: Karen Dine, Pachulski Stang Ziehl and  
23 Jones on behalf of the Committee.

24 CLERK: Okay, thank you. And I'm sorry, are you  
25 speaking first on behalf of the Committee or is someone

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1 else?

2 MS. DINE: No, I will speak first on behalf of the  
3 Committee.

4 CLERK: Okay, thank you. All right, Brittany?

5 MS. MICHAEL: Yes, Brittany Michael from Pachulski  
6 Stang Ziehl and Jones on behalf of the Committee. And with  
7 me in this conference room are three Committee members as  
8 well as Ian Nasatir from Pachulski on behalf of the  
9 Committee.

10 CLERK: Okay, is anyone going to be speaking this  
11 afternoon?

12 MS. MICHAEL: No.

13 CLERK: Okay. Thank you.

14 MR. MORIN: And to the extent you didn't catch me,  
15 Nicholas Morin from Jones Day, also on behalf of the Debtor.  
16 I'll be speaking after Mr. Rosenblum finishes up.

17 CLERK: Okay. Thank you, Nicholas.

18 MR. MORIN: No problem.

19 CLERK: All right. James Moffitt?

20 MR. MOFFITT: James Moffitt from Clyde and Co. for  
21 certain underwriters of Lloyd's London and certain London  
22 market insurers. I don't anticipate speaking today.

23 CLERK: Okay, thank you. All right, is there  
24 anyone else that has joined the line that will be speaking  
25 this afternoon and has not given an appearance yet? All

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1 right. Hello, Kathy? Are you going to be speaking this  
2 afternoon?

3 KATHY: Probably not.

4 CLERK: Okay, thank you. Good afternoon, Jared,  
5 will you be speaking this afternoon? Jared Curtis?

6 MR. CURTIS: Good afternoon. No, I will not be  
7 speaking this afternoon.

8 CLERK: Okay, sorry. Jared Borriello, is that  
9 correct?

10 MR. BORRIELLO: That's correct.

11 CLERK: Thank you. All right, the party that  
12 joined with the 908-601-1130 number, please identify  
13 yourself, please? Again, the 908-601-1130 number, if you  
14 could unmute and identify yourself, please?

15 MR. REFIOR: John Refior.

16 CLERK: Okay, John, are you speaking this  
17 afternoon?

18 MR. REFIOR: No.

19 CLERK: Okay, thank you very much.

20 MR. REFIOR: Thank you.

21 CLERK: All right, are there any -- any of the  
22 parties that have joined that are speaking on the record and  
23 have not given their appearance yet? All right, just  
24 waiting for a participant to join. Hello, William?  
25 William, are you going to be speaking this afternoon?

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1 Again, William, are you going to be speaking this afternoon?

2 MR. HAO: No, I'm not.

3 CLERK: Okay. And Andrew Frisoli, is he joining  
4 as well?

5 MR. HAO: Yes, I believe so.

6 CLERK: Okay, thank you. Is he speaking?

7 MR. HAO: I don't believe we were -- we're not  
8 speaking.

9 CLERK: Oh him, I mean --?

10 MR. HAO: No, I don't believe so.

11 CLERK: Okay, all right. Thank you. All right,  
12 Robert White, are you speaking this afternoon? All right, I  
13 think he dropped -- oh actually, Robert, are you speaking  
14 this afternoon? You need to unmute.

15 MR. WHITE: Sorry. I'm available, if the Judge  
16 requests anything from Jeffries. I think Richard Morgner  
17 from our team will also be on.

18 CLERK: Okay. Who else? Thank you. Who's  
19 joining now? Afternoon, Richard, are you speaking on the  
20 record, Richard Morgner?

21 MR. MORGNER: I -- if asked.

22 CLERK: All right. And you're appearing on behalf  
23 of the Diocese of Rockville?

24 MR. MORGNER: I am.

25 CLERK: Thank you. All right, the party that

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1 joined with the 952-239-2663 number, please identify  
2 yourself. Again, the 952-239-2663 number. Okay, if you  
3 don't identify yourself, we'll have to put you back in the  
4 waiting room. You can unmute by hitting star six.

5 MS. FELDSHON: Hi, my name is Arielle Feldshon and  
6 I'm here on behalf of the Zalkin Law Firm.

7 CLERK: Okay, all right, do you anticipate  
8 speaking this afternoon?

9 MS. FELDSHON: No, I do not.

10 CLERK: You said it's Arielle Zalkin?

11 MS. FELDSHON: Arielle Feldshon. I can spell that  
12 if you'd like.

13 CLERK: Please.

14 MS. FELDSHON: F as in Frank-E-L-D as in dog-S as  
15 in Sam-H-O-N as in Nancy.

16 CLERK: And Arielle is the first name, A-R-I-E-L?

17 MS. FELDSHON: It's close, A-R-I-E-L-L-E.

18 CLERK: Okay, thank you. All right, Judge, we  
19 have most of the parties on. I don't know if you want to  
20 give some of the participants a few more minutes, so if you  
21 want to start?

22 THE COURT: No, we can go ahead and start. Good  
23 afternoon, everybody, this is Judge Glenn. We're here in  
24 the Roman Catholic Diocese of Rockville Centre, 20-12345.  
25 Two matters on the agenda today, for the motion to employ

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1 Jeffries at ECF Document Number 1357, let's deal with that  
2 first. Who's going to speak first on that motion?

3 MR. MORIN: I will, Your Honor. It's Nicholas  
4 Morin from Jones Day on behalf of the Debtor and Debtor in  
5 possession.

6 THE COURT: Okay, go ahead.

7 MR. MORIN: So Your Honor, I can do this however  
8 you'd like. What I'd thought about doing was because both  
9 of the motions today, which are both uncontested relate to a  
10 sale process motion, which is not on for today that's been  
11 kicked to the 11/16, thought I might give Your Honor a brief  
12 overview of the sale process and the assets to be sold, if  
13 that would be helpful.

14 THE COURT: That would. And indeed, when we get  
15 to the sealing motion, I have questions about the process  
16 and what information is going to be publicly available, etc.

17 MR. MORIN: Sure.

18 THE COURT: But why don't you give me the  
19 overview?

20 MR. MORIN: Sure. So let's just set the stage a  
21 little bit. So in terms of an overview of the process,  
22 there are sort of three categories of assets that the  
23 Debtors are seeking to market in the bidding procedures  
24 motion, which is not on for today, that's on for the 16th.

25 Those three categories are the Debtor's four FCC

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1       licenses, the -- and that's the first category, the call  
2       signs for those are KNZ65, KNZ67, KNZ68 and WHR845. The  
3       second category is the three cell towers that the Debtor  
4       owns. Those are all located in Long Island. I believe in  
5       Syosset, Uniondale and Islip.

6                  And the third category is sort of all related  
7       contracts type of category, which could be assumed and  
8       assigned in connection with the sale process, but I'll just  
9       clarify a point here, we have reserved the right to reject  
10      all of those contracts. And it's really for us, the idea is  
11      around you know, maximization of value, right?

12                 So if there's a transaction structure that's  
13       proposed during the marketing process, that's going to  
14       maximize the value of the assets and also contemplate a  
15       rejection of those contracts, we obviously want the  
16       flexibility to pursue that.

17                 So that is sort of what we're trying to sell. One  
18       other thing I'll flag for Your Honor, and you will have seen  
19       this if you've perused the bidding procedures motion is an  
20       unsolicited offer that the Debtor received for the FCC  
21       licenses a little while back this year.

22                 And so, this unsolicited offer came in. After  
23       considering the situation, the Debtor decided to do what  
24       many Debtors decide to do when they're trying to sell  
25       assets, which is, you know, proceed and pursue into a

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1 regular way sale process.

2 In order to do that, as Your Honor is very  
3 familiar with, we would file a standard bidding procedures  
4 motion, which we've done, and seek to retain an investment  
5 banker to scour the market for interest and maximize the  
6 value of the assets.

7 As we've discussed, the bidding procedures motion  
8 itself is kicked to the 11/16, so and we did that to  
9 facilitate discussions between you know, various parties  
10 because we liked to do things consensually, if we can. But  
11 notwithstanding that adjournment, we wanted to push forward  
12 with the motions today, and we can talk about all of that  
13 later on.

14 In terms of additional context, just in terms of  
15 timeline, so Your Honor is aware, the original proposed  
16 timeline, and really we don't intend to shift these dates  
17 around much at all because we think we can stick to this  
18 timeline, is that bids would come in on January 9th, that's  
19 what we've penciled in so far.

20 Auction would be, if we need an auction, about a  
21 week later on January 16th. And then, I think sale hearing  
22 a week or so after that, you know, subject to the Court's  
23 availability, obviously, on January 24th, 2023. And so,  
24 that's kind of the overall timeline.

25 Some of the earlier dates around filing assumption

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1 of assignment notice, that kind of stuff because of our  
2 objection deadline, that's going to shift, because obviously  
3 we've moved that, you know, the hearing date. But the rest  
4 of it I think will stay static, if we have our way.

5 In terms -- and then, in terms of other relief, so  
6 our bidding procedures asks for some other things as well.  
7 Those things are not obviously up for today. Again, those  
8 are for 11/16, so we won't get into any of that right now.  
9 But did want to just provide Your Honor with that general  
10 kind of overview of what we're trying to do.

11 So unless there are any questions about that, I  
12 can jump into the applications and the motion today, which  
13 are uncontested, happy to walk through those.

14 THE COURT: Well, let me ask a few questions now,  
15 is whether even before the formal retention, Jeffries has  
16 taken steps to identify potentially interested buyers,  
17 whether any NDAs have been signed. Give me the landscape of  
18 the efforts --

19 MR. MORIN: Sure.

20 THE COURT: -- to sell. You raised the  
21 unsolicited bid that has set you on the path of a more  
22 normal bankruptcy type of sale. So what has happened?

23 MR. MORIN: Right. So I think -- and a lot of  
24 this we were going to cover in the sale bidding procedures  
25 hearing, but I'm happy to talk about it right now to tell

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1 Your Honor what has happened. So the unsolicited offer came  
2 in. We -- you know, we sat down and had a think about what  
3 to do with it.

4 One of the things that the unsolicited offeror  
5 wanted to see was some of the contracts related to the  
6 assets they'd be buying. We had a look at those contracts,  
7 they contain CONFI provisions, and we're sensitive around  
8 post-petition breaches of pre-petitioned contracts.

9 We don't want to just walk into that and deal with  
10 consequences that, you know, may not be favorable to the  
11 estate. So --

12 THE COURT: And I gather you asked the  
13 counterparties for consent, and they declined to give it?

14 MR. MORIN: You would've seen that in the motion  
15 as well, yes.

16 THE COURT: I did.

17 MR. MORIN: That's exactly right. So we went to  
18 those folks, and we said, hey, we've received this offer.  
19 We'd really like to pursue it. They'd like to see the  
20 contracts. We have to come to you because the CONFI says we  
21 do. Will you let us share these contracts? The answer was,  
22 no.

23 And that has sort of motivated some of the other  
24 relief that Your Honor may have seen in the motion that we  
25 filed. In terms of who has signed an NDA, that unsolicited

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1 offeror has signed an NDA. No information has been  
2 exchanged because of a lot of the context of what we're  
3 dealing with.

4 In terms of other marketing processes, because of  
5 -- and you know, what Jeffries maybe would have done in a  
6 normal situation, some of the provisions in those contracts  
7 make that maybe a little challenging as well. So we haven't  
8 pushed forward, I think much with a sale process as of yet.

9 And I --

10 THE COURT: How many different parties under the  
11 terms of the contracts at least, how many different parties'  
12 consent is required to be able to share information? Is it  
13 just one or is it more than one?

14 MR. MORIN: It's one.

15 THE COURT: Okay.

16 MR. MORIN: So we have not -- Jeffries has not, on  
17 the Debtor's behalf at this point -- run a comprehensive  
18 process yet because of some of the limitations in those  
19 contracts. And I think when we sat down and we thought  
20 about this, we said, let's just get comfort in our bidding  
21 procedures motion, that we can do what anybody does in a  
22 Chapter 11 case when they're trying to sell assets, run a  
23 very vanilla sale process, right? That's kind of the point  
24 of what we're trying to --

25 THE COURT: Well, let me ask a couple of more

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1       questions.

2                   MR. MORIN: Yeah, yeah.

3                   THE COURT: What information have you shared with  
4       the Committee at this point?

5                   MR. MORIN: The Committee is aware of the identity  
6       and the amount of the unsolicited offeror. I think they're  
7       aware of our discussions that we've been having with various  
8       parties. I will let the Committee speak to other stuff, but  
9       I think we've been trying to keep them in the loop on  
10      generally kind of what's going on.

11                  THE COURT: All right, and what about the US  
12      Trustee?

13                  MR. MORIN: The US Trustee, I do not think we've  
14      had too many conversations with the US Trustee on sort of  
15      the economics or you know, kind of -- other than the  
16      filings, not direct conversations with them on the process,  
17      with the filings.

18                  THE COURT: Okay, just so I'm certainly aware that  
19      the date for the bidding procedures motion has been pushed  
20      off to November, I know from the motion, you're seeking an  
21      order determining that various contract provisions are  
22      unenforceable in bankruptcy. And you contemplate all of  
23      that at the one hearing on approval of the bidding  
24      procedures?

25                  MR. MORIN: Correct, that's right.

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1                   THE COURT: My hesitancy in speaking further is,  
2                   those are clearly important issues. And how long it will  
3                   take me to decide those issues is unclear to me. My  
4                   November and December calendars have gotten pretty full  
5                   already. I'll just tell you that right now.

6                   I mean, I -- it's my practice for my whole time on  
7                   the bench, I don't let things linger. I try to get things  
8                   decided, but things are -- you know, I've got a lot of  
9                   hearings coming up in Celsius, and a lot of -- and other  
10                  things. And so, frankly, after a pretty light couple of  
11                  years during COVID, things have sort of really turned around  
12                  and changed. I am very busy. So --

13                  MR. MORIN: Understood.

14                  THE COURT: You know, it may be -- I don't know  
15                  this yet, okay? But it may be that I will deal first with  
16                  the issues of enforceability of various contract provisions  
17                  without actually reaching the issues over the bidding  
18                  procedures, because I think that how you go forward with  
19                  marketing will very much depend on whether all of the stuff  
20                  that has confidentiality provisions gets blown out and you  
21                  can share, who you can share with, under what conditions,  
22                  etc. So I don't know. I'm just -- I wanted to get the lay  
23                  of the land today, and we'll see how we proceed.

24                  It could well be that when we have the November  
25                  hearing on bidding procedures, what we're actually going to

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1 have is a hearing on whether or not various lease and  
2 contract provisions are enforceable in bankruptcy.

3 MR. MORIN: Right. So that was actually -- you  
4 know, and I think that's what we were intending, frankly.  
5 And it just -- it seemed to be the right time to ask for the  
6 relief, right? We want to have a very vanilla process. We  
7 want to be able to do what you normally do.

8 And we want to be able to honestly you know, if  
9 we're trying to sell FCC licenses with contracts attached to  
10 them, which we think is a good thing for the estate to be  
11 able to do, to explore, you know, not necessarily that's how  
12 we go, but to explore that option, it's hard to sell a  
13 contract to somebody if they can't read the contract.

14 So you know, it's -- all of these things are sort  
15 of gating issues around a very vanilla process, and we  
16 thought let's just try to do this all at one time.

17 THE COURT: I -- you know, it could well be that  
18 after I rule on what contract provisions are or are not  
19 enforceable that you will want to make some modifications in  
20 the bidding procedures themselves. It's hard for me to say  
21 at this point, you know?

22 MR. MORIN: Sure.

23 THE COURT: You know, one issue that I will tell  
24 you I have -- I can't remember at this point having dealt  
25 with it whether rights are -- when our rights are first

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1 refusale enforceable in bankruptcy? Because that is an  
2 issue as well. I don't know what your position is, whether  
3 you have a position yet on whether rights of first refusal  
4 are enforceable.

5 I mean, if they are, I understand, you know, the  
6 argument that it could chill bidding. But maybe not. But  
7 you know, I -- so I don't know what your position is,  
8 whether your position is that rights of first refusal are  
9 unenforceable, or whether just the confidentiality  
10 provisions are unenforceable.

11 You know, I could envision where things remain  
12 sealed until a marching process is complete, but I can't  
13 imagine approving a sale without all parties in interest  
14 knowing what it is that's being sold.

15 MR. MORIN: So absolutely. And I don't know how  
16 we -- again, as I said, I don't know how we sell something  
17 without people understanding what they're buying.

18 THE COURT: Well, people -- I mean, you know, the  
19 people maybe beyond the Creditor's Committee and the US  
20 Trustee and the Debtors, so --

21 MR. MORIN: Right, right, right, right, right,  
22 that's entirely fair.

23 THE COURT: May I ask another question?

24 MR. MORIN: Yes.

25 THE COURT: Have you -- did you -- and I couldn't

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1 find where you'd done it, did you give -- did you serve the  
2 FCC with any of these papers so far?

3 MR. MORIN: The FCC?

4 THE COURT: Yes.

5 MR. MORIN: I don't think with these papers, but  
6 they are contemplated to be a noticed party vis-a-vis the  
7 sale notice. So they will get information regarding kind  
8 of, you know, the facts that we're selling. And regulatory  
9 approval is obviously in our heads, so it's not something  
10 we're forgetting.

11 THE COURT: Yeah, I don't know whether the FCC  
12 will have relevant input on the issues of what information  
13 should be made available to prospective bidders, when  
14 ultimately it's the FCC licenses that are at issue. So I  
15 would just suggest that you serve the FCC with notices of  
16 these hearings.

17 MR. MORIN: Yeah.

18 THE COURT: They could decide they will or won't  
19 participate.

20 MR. MORIN: Right.

21 THE COURT: But I'd hate to find myself in a  
22 situation where I conclude, they should've been here and  
23 they haven't been given notice.

24 MR. MORIN: Right. Absolutely. No, we will -- as  
25 soon as we're done with this hearing, we'll get them --

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1                   THE COURT: Okay, all right.

2                   MR. MORIN: And just to circle back on the ROFR  
3 and I think the CONFI points, I think I've already talked  
4 about why we think the CONFI points are important. I think  
5 the ROFR, again, it's not an issue for today.

6                   THE COURT: You know, there are people who listen  
7 in to these hearings who may not be tuned into the jargon,  
8 so you'd better speak in English.

9                   MR. MORIN: Right of First Refusal. Sorry,  
10 apologies. I've been saying the word ROFR quite a bit in  
11 these cases.

12                  THE COURT: Okay.

13                  MR. MORIN: So Right of First Refusal, I think,  
14 and again, I won't get too much into argument because that  
15 is a matter for a couple of weeks from now, I think. But I  
16 think if Your Honor reviews our papers, you'll see citation  
17 to an Adelphia decision that was decided --

18                  THE COURT: I saw it.

19                  MR. MORIN: Right. From this District, and we  
20 think that one was well reasoned. And the bid chilling sort  
21 of issues that were discussed there, we think match up here.  
22 So I think that's -- I'll leave it at that, I don't want to  
23 get too much into it.

24                  THE COURT: Okay.

25                  MR. MORIN: So I will again, if any other

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1       questions, happy to talk about them.

2           THE COURT: Yes, yeah.

3           MR. MORIN: Okay, so I will jump in now to the  
4        requests relief. So I think Your Honor wanted to start with  
5        the Jeffries retention application, and I'm happy to do  
6        that.

7           THE COURT: Yes, thank you.

8           MR. MORIN: That is at Docket Number 1357. The  
9        affidavit of service for that document is 1376. And as I  
10       flagged after we -- after the Debtor received the  
11       unsolicited offer, we're trying to put in place a regular  
12       way process to maximize the value of the assets related to  
13       the bid that we received.

14           And we're trying to do that, again, the regular  
15       way, setup regular way sale process and retain an investment  
16       (indiscernible). And that's what we're doing in this  
17       motion, trying to have Jeffries retained. And what I will  
18       say, Your Honor, for one housekeeping point, Mr. Richard  
19       Morgner, who is a Managing Director at Jeffries put in a  
20       declaration in support of the Jeffries retention  
21       application.

22           Mr. Morgner is on the line, and I believe if he  
23       called to testify, he would testify to the contents of this  
24       declaration. So at this point, Your Honor, I would ask to  
25       move the Morgner declaration into evidence.

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1 THE COURT: What is the Docket Number?

2 MR. MORIN: That's Docket Number 1357. It is Page  
3 41 of 85 on that document.

4 THE COURT: All right. Are there any objections  
5 to the Court admitting the Morgner declaration ECF 1357,  
6 Pages 41 of -- Page 41 of 45 into evidence? Hearing no  
7 objection, it's admitted into evidence.

8 (Morgner Declaration ECF 1357 Admitted into  
9 Evidence.)

10 MR. MORIN: Okay. Thank you, Your Honor. And I  
11 will now just jump into the rest of the motion. So in terms  
12 --

13 THE COURT: Let me ask you first.

14 MR. MORIN: Yeah.

15 THE COURT: Is there somebody from the US  
16 Trustee's Office on the line? Again, I don't see it on the  
17 screen, but have you had any communication with people in  
18 the US Trustee's Office? Because they're usually -- they're  
19 focused on things like the scope of indemnities and things  
20 like that. Have you had discussions with them?

21 MR. MORIN: No, they have not reached out to us.  
22 They were served with the motion or the application.

23 THE COURT: Right.

24 MR. MORIN: But they have not reached out to us to  
25 talk about anything.

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1                   THE COURT: All right, let me just ask. Is there  
2                   anyone from the US Trustee's Office at the hearing today?  
3                   Speak up, if you are. Hearing none, go ahead.

4                   MR. MORIN: Okay, so in terms of authority, Your  
5                   Honor, we are basing this request for relief on the standard  
6                   provisions, 327, 328 of the Code. 327 provides, among other  
7                   things, that a Debtor may employ attorneys or other  
8                   professional persons.

9                   328 of the Bankruptcy Code provides that a Debtor  
10                  may compensate Section 327 professional on any reasonable  
11                  terms and conditions including on a fixed or percentage  
12                  basis. And so, we respectfully submit that Jeffries'  
13                  retention here satisfies these code provisions.

14                  THE COURT: All right. Let me hear from the  
15                  Committee. Does the Committee have -- no objections were  
16                  filed to this motion, I realize that. And specifically, no  
17                  objection was filed. But I wanted to go forward with the  
18                  hearing today, as much to talk about the sealing motion as  
19                  anything else. But let me hear from the Committee. Ms.  
20                  Dine, are you going to speak for the Committee?

21                  MS. DINE: Yes, Your Honor. Karen Dine, Pachulski  
22                  Stang Ziehl and Jones on behalf of the Committee.

23                  THE COURT: Nice to see you again.

24                  MS. DINE: And it's nice to see you as well. And  
25                  --

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1                 THE COURT: One of these days in the courtroom  
2 again. But go ahead.

3                 MS. DINE: We look forward to that. And Your  
4 Honor, you should mention that while -- not standing with  
5 me, there are a number of Committee members who are on the  
6 call and listening today. The Committee is generally  
7 supportive of the sale of these assets, and you know,  
8 maximizing the value that may be available for Creditors.

9                 We reviewed the Jeffries application quite  
10 closely. We actually had conversations with Counsel for  
11 Jeffries about the fee and they agreed to some modification  
12 based on those discussions, and we have no objection to  
13 their retention.

14                 THE COURT: All right, the retention is approved.  
15 Thank you very much.

16                 MR. MORIN: Very good, Your Honor. And so, with  
17 that, we can move onto the second motion. Apologies. And  
18 that would be the sealing motion that Your Honor raised.  
19 That's at Docket 1356. I can walk through my presentation  
20 here, or we can go to questions, whatever Your Honor would  
21 prefer.

22                 THE COURT: Well, I -- look, again, there were no  
23 objections to this motion, either. I can tell you what I'm  
24 going to do, and then I will tell you -- give you a little  
25 bit more background. I'm granting the motion without

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1 prejudice to the Court unsealing unredacted documents,  
2 either on motion or on the Court's own motion  
3  
4 THE COURT: You know, it seems to me -- so I've  
5 read the unredacted papers that were provided. I am, on the  
6 whole, very skeptical about sealing motions. I've authored  
7 quite a few opinions. There have been some when I've  
8 approved sealing, depending on the context, and many when  
9 I've not approved it.

10 I have often, and I've said this in opinions, that  
11 redaction rather than -- that you know, partial redactions  
12 rather than wholesale sealing is the -- maybe the  
13 appropriate course. I'm a very strong believer that all  
14 parties in interest are entitled to the information that  
15 enables them to you know, reach their own conclusion,  
16 whether they think a transaction or some other action is in  
the best interests of the Debtor.

17 And obviously, if they don't have the information,  
18 if makes it very hard for them to do that. So you know, for  
19 example, the redactions so far have been pretty extensive.  
20 I'm approving them for now. I think when we get to the  
21 issue of what's enforceable, what's not enforceable, things  
22 could change rapidly at that point.

23 My goal is to have as much information publicly  
24 available to all parties in interest, including all  
25 individual Creditors so they can, if they have a view, they

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1 can express the view. So like I say, for today, I'm  
2 granting it.

3 We don't have -- the lease counterparties haven't  
4 filed briefs at this point on the issue. They're certainly  
5 entitled to, and I'll look with interest on what they have  
6 to say. You know, in a number of different contexts, you  
7 know, for example, when a Debtor tried to seal terms post-  
8 settlement because the counterparty to the settlement wanted  
9 it sealed, I denied sealing.

10 I thought that all parties in interest were  
11 entitled to know what the economic terms were. And the  
12 Debtor's argument that it could affect their ability to  
13 negotiate other claims and things like that, I rejected it.  
14 There have been times when I, in MF Global, when they were  
15 selling commodities, exchange licenses at -- in the early  
16 stage, I permitted this stuff to be sealed because I didn't  
17 want to chill further negotiation with parties.

18 So that's just -- those aren't necessarily  
19 applicable here, but you know, for anybody on here today or  
20 who reads the transcript, I'm going to look very carefully  
21 at what information should be made public. And I'm not  
22 suggesting the Debtor thinks other than that. The Debtor's  
23 being very cautious. There are provisions and contracts  
24 that require confidentiality.

25 The fact that a contract required confidentiality,

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1       that's between two parties. That's not the -- in a  
2       bankruptcy proceeding with the, you know, with my  
3       stakeholders, so --

4            MR. MORIN: Okay.

5            THE COURT: -- I will look at it carefully.

6            MR. MORIN: Okay. Maybe just a little bit of  
7       color from our side as to what we were thinking --

8            THE COURT: Okay.

9            MR. MORIN: -- just to explain in response to Your  
10       Honor's comments. I think as Your Honor noted, the sealing  
11       motion is motivated by cautiousness, right?

12          THE COURT: Right.

13          MR. MORIN: Post-petition breaches of pre-  
14       petitioned contracts have consequences. We don't  
15       necessarily want to have to deal with those consequences if  
16       we're just honoring the terms of the agreement. So that's  
17       kind of point number one. And then, I think point number  
18       two is that the information that's redacted, our provisions  
19       and the obviously if Your Honor's looked at the bidding  
20       procedures motion, that could impact the sale process, we  
21       think. And we think that --

22          THE COURT: If you can't give interested parties  
23       copies of the contracts that they're bidding on, what are  
24       they supposed to do?

25          MR. MORIN: Said very well. So we -- but if we

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1 think -- if those provisions are made public, at least at  
2 this stage in the process, we think it could be negative for  
3 the sale process, because one, if Your Honor gives us the  
4 relief that we will talk about at -- on 11/16, we may spook  
5 people for now reason, right?

6 These provisions are going away. You don't even  
7 have to think about them, but here they are in the paper, I  
8 don't know, right? So that's just point number one. Point  
9 number two I think would be, if Your Honor doesn't grant us  
10 the relief, now we've put a bull's eye on these provisions,  
11 which is not exactly ideal, people may very well find them,  
12 right, if they're allowed to read the contracts in which  
13 these provisions are in, right? But we don't necessarily  
14 love the dynamic of putting a bull's eye on provisions we  
15 don't like.

16 THE COURT: Right.

17 MR. MORIN: So that's --

18 THE COURT: I'm fine. I understand your argument.  
19 I'm granting you the motion for now. I just want to make it  
20 clear that when we get to the issues of which of those  
21 contract provisions are enforceable and which not, the  
22 landscape will change.

23 MR. MORIN: That -- okay, makes very much sense.  
24 Okay. With that, I think I don't have anything else to talk  
25 about. So if Your Honor has any questions, I'm happy to

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1 take them.

2 THE COURT: No, that's fine. And anybody -- Ms.  
3 Dine, is there anything you want to --?

4 MS. DINE: Your Honor, I have a housekeeping  
5 matter not with respect to this motion and --

6 THE COURT: Please go ahead.

7 MS. DINE: So Your Honor, the Debtor has filed a  
8 motion at Docket 1349 requesting the ability to become and  
9 opt-in participant in the BSA plan. The hearing is set for  
10 November 30th.

11 THE COURT: The Boy Scout Settlement, right.

12 MS. DINE: Yes. The hearing is set for November  
13 30th. I believe the original objection deadline was a few  
14 days ago. We had sent an email to Chambers requesting that  
15 for the Committee and for all parties, the deadline be  
16 extended to November 16th.

17 And I wanted to -- and obviously we had requested  
18 that of the Debtor and they've not been willing to agree to  
19 the extension. And I just wanted to raise that now to see  
20 if we could determine when that objection deadline would be.

21 MR. ROSENBLUM: Your Honor, may I be heard on  
22 that?

23 THE COURT: Yes, go ahead. Yes, identify yourself  
24 for the record, when you speak.

25 MR. ROSENBLUM: Yes, Your Honor. Benjamin

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1 Rosenblum from Jones Day on behalf of the Debtor. Your  
2 Honor, with respect to the Boy Scouts motion, I just want to  
3 be clear for the record, the Committee had approached us  
4 with a different request in terms of both duration of the  
5 objection deadline that they were requesting, and in terms  
6 of the scope of the parties that they were wishing to cover  
7 with respect to the extension deadline.

8 The Debtor had noticed the motion on more than  
9 what was required under the case management order.

10 Nonetheless, we told the Committee that we would give them  
11 an additional week on top of the 10 days, and the reason,  
12 because we're not folks who you know, turn down or oppose  
13 extensions of objection deadlines for no reason, we would  
14 put the motion on appropriate notice.

15 We told them we'd give them an extra seven days as  
16 a courtesy, but also, we've been trying to talk with the  
17 Committee about this motion for a year. And that's the  
18 reason why the Debtor opposed the extension of the  
19 Committee's objection deadline beyond the 17 days that we  
20 said that they could have to object.

21 THE COURT: So the hearing is what day again?

22 MR. ROSENBLUM: It's November 30th.

23 THE COURT: And Ms. Dine, tell me what date you're  
24 asking for?

25 MS. DINE: We had asked for November 16th, Your

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1 Honor, for the Committee and all the parties.

2 THE COURT: And Mr. Rosenblum, your willingness to  
3 agree was to what date?

4 MR. ROSENBLUM: I believe it was the 21st, the  
5 24th, Your Honor, which has obviously passed.

6 THE COURT: Right. I'll tell you all what my  
7 concern is. I have this packed calendar. I do plan to take  
8 the Thanksgiving holiday, but I have a very packed calendar  
9 for November and December. And I'm concerned about having  
10 sufficient time for me and my law clerks to really be on top  
11 of the issues when you know, when matters come on the  
12 calendar. I'm just on -- on the second screen, I'm looking  
13 through my November and December calendars.

14 MS. DINE: Your Honor?

15 THE COURT: Yes?

16 MS. DINE: Karen Dine again from Pachulski Stang  
17 Ziehl and Jones on behalf of the Committee, if I may? I  
18 certainly understand that concern, and I do note that Your  
19 Honor today with the consent I believe of the US Trustee and  
20 of the Debtor, the US Trustee's objection deadline is now  
21 November 7th. And if that were something more comfortable  
22 for Your Honor, that would be fine with the Committee.

23 THE COURT: The November 7th date?

24 MS. DINE: Yeah.

25 THE COURT: Let's go with that. You know, I --

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1 Ms. Dine, I really try to be -- extend reasonable courtesies  
2 to everybody. You've all been very professional. You're  
3 all doing a terrific job.

4 I'm just finding myself really under the gun, and  
5 I want to be sure that the Court has sufficient time, so  
6 that when we get to the hearing, I don't promise the  
7 decision right at the hearing, but I try to get things out  
8 very quickly. You're all entitled to decisions. The issues  
9 are important. So your deadline is extended to November  
10 7th, okay?

11 MS. DINE: That is very much appreciated, Your  
12 Honor. And certainly, we understand, and our hope would be  
13 that to the extent we have concerns about the motion, that  
14 that will be something we can work out consensually with the  
15 Debtor before that date.

16 THE COURT: Well, and that was the last thing I  
17 wanted to say in -- is that the Committee and the Debtors --  
18 Debtor should really see to what extent can you resolve  
19 these issues? These are important issues. I'm not -- and  
20 I'm not doubting it at all. You know, the best -- frankly,  
21 you know, sometimes neither of you are happy when the Court  
22 rules.

23 The best result is one that you can agree on  
24 consensually. I won't belabor the point. I just hope that  
25 you'll engage with each other over this and see whether you

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1 can resolve whatever issues you otherwise would put to the  
2 Court, okay?

3 MS. DINE: Thank you, Your Honor. And if I may  
4 again, Karen Dine, Pachulski, Stang on behalf of the  
5 Committee, just to clarify that the objection deadline is  
6 extended for the Committee and for other parties?

7 THE COURT: Yes.

8 MS. DINE: Thank you.

9 THE COURT: Okay. I'm -- some of that willingness  
10 is that you know, frankly, I have a trial on November 9th,  
11 10th and 14th, and we're pretty heavily engaged in getting  
12 ready for that trial. So you know, let me leave it with  
13 that.

14 MS. DINE: Understood. Thank you, Your Honor.

15 THE COURT: Okay. Anything else for today? Mr.  
16 Rosenblum, anything you wanted to raise?

17 MR. ROSENBLUM: No, Your Honor. I mean, I just  
18 (indiscernible) understand Your Honor's ruling on that. I  
19 mean, this is -- I do want to note that we will endeavor to  
20 work with the Committee on a consensual basis to resolve  
21 whatever concerns, and we don't know what their concerns are  
22 with respect to this motion.

23 But I do have to re-emphasize the Debtor's  
24 frustration that we've reached out multiple times since 2021  
25 to try to engage with the Committee in this --

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1 THE COURT: You already made that point.

2 MR. ROSENBLUM: His motion was filed 20 days ago.

3 THE COURT: You already made that point, okay?

4 MR. ROSENBLUM: Thank you, Your Honor.

5 THE COURT: Especially in your frustration, once  
6 is enough. All right. Anything else anybody wants to raise  
7 for today? Okay. So if you -- I -- maybe you've already  
8 done this, but if not, Mr. Morin, submit the orders in Word  
9 format and they'll promptly be entered, okay?

10 MR. MORIN: Thank you. We'll get them over.

11 THE COURT: All right, thank you. We're  
12 adjourned.

13 MS. DINE: Thank you.

14 (Whereupon these proceedings were concluded at  
15 2:51 PM)

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1	I N D E X		
2			
3	RULINGS		
4		Page	Line
5	Retention application is approved	24	14
6			
7	Motion to seal without prejudice to the Court unsealing		
8	unredacted documents, either on motion or on the Court's own		
9	motion	26	1
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1 C E R T I F I C A T I O N

2

3 I, Sonya Ledanski Hyde, certified that the foregoing  
4 transcript is a true and accurate record of the proceedings.

5

6 *Sonya M. Ledanski Hyde*

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8 Sonya Ledanski Hyde

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